Marketing and Development of K-pop under New Consumer Trends

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Abstract: Originating in South Korea, K-pop has grown into a global cultural phenomenon over the past two decades, driven by its sophisticated idol system, high-performance aesthetics, and transmedia marketing. However, as global consumer behavior rapidly evolves, traditional strategies in the K-pop industry are increasingly challenged.This paper investigates the evolving marketing and development strategies of K-pop in response to new consumer trends. As Generation Z and Alpha dominate the global entertainment market, K-pop faces increasing challenges such as content homogenization, digital fatigue, and declining fan loyalty. In response, the industry is exploring innovations in idol production—including AI-driven and virtual models—value-based content creation, and participatory merchandise strategies. While these developments have helped maintain K-pop's vitality, they also introduce new risks regarding authenticity, over-commercialization, and ethical fan engagement. Drawing from case studies and industry analysis, this paper argues that K-pop's sustainable future lies in three core principles: emotional sustainability, narrative authenticity, and ethical co-creation. Only by balancing technological innovation with cultural depth and fan trust can K-pop evolve beyond a commercial trend into a globally resonant and responsible cultural force.

Keywords: K-pop, New consumer trends, Idol production, Soft power, Merchandise strategies.

1. Introduction

K-Pop's globalization began in the late 20th century with the "Hallyu" wave. Early groups like H.O.T. and S.E.S. laid the foundation through music and idol culture. After 2000, social media platforms like YouTube and TikTok accelerated its global reach, breaking language and geographical barriers. The South Korean government also played a key role, supporting the entertainment industry after the 1997 Asian financial crisis through funding and cultural exchange programs [1]. This fostered the rise of entertainment giants like SM, JYP, and HYBE, establishing a structured industry chain and driving K-pop's worldwide expansion [2].

K-pop fans are known for their loyalty, supporting their idols by purchasing albums, streaming MVs, attending concerts, fan meetings, and engaging in fan services. Some fans even buy hundreds of copies of the same album to collect all the photo cards of different members [3]. K-pop builds highly engaged fan communities through social media, further strengthening fan loyalty with interactive content on platforms like Weverse. Major entertainment companies also expand the

reach of idol groups by selecting trainees from different regions. For instance, SM Entertainment's NCT adopts a "multinational member" model to attract a diverse fan base.

However, under the current wave of new consumer trends—characterized by individualism, value orientation, and digital fatigue—K-pop's traditional model is facing increasing difficulty in sustaining growth. Data from 2024 indicates that its momentum is facing serious obstacles, with the growth rate of album exports plummeting from double digits to just 0.55%. The near stagnation of physical album sales suggests that the market is approaching saturation and encountering an innovation bottleneck. Additionally, factors such as the global pandemic, competition from digital music platforms, and cultural differences in emerging markets (such as Southeast Asia) have further heightened industry uncertainties.

The globalization of K-pop relies not only on its music but also on its industrialized idols' production, cultural soft power and marketing strategies for merchandise, which form the industry's core competitiveness.

With the commodification of idols, K-pop artists have become key production elements of the industry [4]. In the Korean cultural context, "idol" refers to performers produced by the K-pop system [5]. Unlike traditional singers, K-pop idols prioritize stage presence and persona management over musical skills, integrating commercial ventures such as endorsements, acting, and merchandise into the global value chain. The industry operates through five key stages—planning, production, promotion, distribution, and consumption—generating revenue from physical albums, digital music, concerts, and merchandise [4]. K-pop's industrialized training system is central to its global success. Korean entertainment companies enforce rigorous trainee programs to ensure idols debut with strong singing, dancing, and stage performance skills. Professor Yuji Hosaka highlights a key difference between Korean and Japanese idols: while Japanese idols focus on growth after debut, Korean idols are "finished products" at debut [6]. However, this standardized system often leads to homogeneity and declining audience engagement. According to the 2024 Korea Music Association, 70% of new groups adopt similar concepts, accelerating market saturation and audience fatigue. Additionally, talent surplus and resource imbalance are major drawbacks. Large groups (e.g., NMIXX, Hearts2Hearts) cater to diverse fanbases but risk uneven member exposure, leading to internal competition. For instance, SM Entertainment's NCT, which operates a sub-unit strategy, has faced criticism from fans over member marginalization. These challenges have become more evident under new consumer trends, where audiences—particularly those from Generation Z and Alpha—prioritize individuality, authenticity, and emotional connection over uniform group concepts. Traditional idol-making models must therefore adapt to these shifting expectations to remain relevant.

V.O. Zhidkov notes that South Korea has actively exported its culture—from kimchi to K-pop—as part of a broader national strategy [7]. Korean pop culture blends traditional Asian and Western elements, making it inherently hybrid. On one hand, it breaks cultural barriers by integrating diverse symbols; on the other, it reinforces Korea's identity as a "global cultural player" through value-based messaging. Since the 1999 Basic Act on Cultural Industry Promotion, Korea has positioned its cultural sector as a national strategic industry. The government supports entertainment companies' global expansion through tax incentives and subsidies (e.g., SM Entertainment receiving content production funds). Institutions like the Korea Creative Content Agency promote cultural diplomacy by funding overseas exchanges and linking idol economies to national soft power. Groups like BTS, for example, have attended White House events and spoken at the UN, directly serving Korea's cultural diplomacy goals. K-pop also capitalizes on idol influence to drive commercial profits. Brands turn idols into premium consumer symbols, leveraging fan spending power [8]. Essentially, K-pop's cultural soft power is a commercialized cultural capital. However, under new consumer trends, especially among Gen Z and Alpha

audiences, cultural value is increasingly measured by authenticity, social responsibility, and emotional resonance rather than surface aesthetics. Critics such as Im Jin-mo warn that excessive commercialization may lead to "cultural hollowing," undermining Korea's long-term cultural distinctiveness. He argues that although South Korea has successfully integrated Western musical forms, it has yet to develop a globally leading, original musical identity [9,10]. Moving forward, maintaining cultural identity amid globalization will be crucial for K-pop's sustainable soft power development.

In the K-pop industry, merchandise sales have evolved from simple product transactions into a multifaceted strategy that integrates emotional engagement, technological innovation, and cultural influence, creating a diverse ecosystem from physical goods to virtual experiences [11]. Agencies leverage IP licensing to develop a wide range of merchandise, including phone cases, bags, pouches, keychains, albums, posters, postcards, and light sticks. These idol-branded products are often priced significantly higher than regular items [12]. Agencies also use limited editions and scarcity marketing to drive fan purchases. Albums often include random photo cards, encouraging repeat purchases. Studies show that this strategy, based on "scarcity" and "randomness," turns consumption into emotional investment, with fans typically buying 3-5 albums to collect all member photo cards. Additionally, pop-up stores enhance fan engagement, such as Weverse polls deciding light stick designs. However, without novelty, conventional merchandise is increasingly failing to attract the attention of younger consumers from Generations Z and Alpha. At the same time, excessive commercialization has sparked controversy, including multi-version albums promoting over-purchasing, marathon-style fan sign events leading to student debt, cultural homogenization diluting Korean identity, and copyright issues with fan-made merchandise. In the future, the K-pop industry must refine its merchandise marketing strategies to balance commercial success with fan interests.

2. How does Kpop develop under the new consumption trend

2.1. Idol production under new consumer trends

One of K-pop's core advantages lies in its highly industrialized idol production system. Through systematic trainee programs, image design, and stage planning, K-pop agencies have created a replicable model for consistent success. However, as Generation Z and Generation Alpha become the main consumer base, the standardized "assembly line" idol-making model faces unprecedented challenges. Generation Z (typically born between 1995 and 2009) and Generation Alpha (born after 2010) have grown up in a highly digitalized environment. They are characterized by strong individualism, dependence on social connectivity, and a tendency for content co-creation. These consumers prefer idols who are "authentic," "diverse," and who express themselves, rather than highly uniform, predictable group settings [13].

Therefore, the future of idol production must respond to this shift toward individualized consumption. Some entertainment companies have begun shifting from "creating perfect idols" to "cultivating authentic individuals." For example, the popular girl group NewJeans avoids over-packaging and instead returns to a natural style that emphasizes youth and growth. The group's core concept centers on "readability," allowing audiences to emotionally resonate with their narrative. This "growth-type idol" strategy fosters a deeper fan engagement, aligned with contemporary preferences for participatory and immersive experiences [14].

At the same time, facing the high cost, long cycles, and high elimination rates of traditional trainee systems, many companies are turning to virtual technology and AI-driven content to develop more flexible, low-risk idol pathways. SM Entertainment's girl group aespa is a forerunner in this model: each member is paired with an AI avatar, expanding both the group's aesthetic expression

and interactive possibilities in the virtual world [15]. These AI counterparts reduce the human risks of production while offering immersive "parallel universe" experiences suited to digital-native users.

Even more innovative is the virtual boy group PLAVE, which operates through a fully virtualized system. While real humans provide voice acting and motion capture, the group maintains a high level of digital visual presentation. PLAVE's members have unique worldviews and character settings, allowing for real-time performances and fan interaction without the physical limitations of human idols. By blurring the line between the virtual and real, PLAVE shifts fans' attention from private lives to character narratives, fostering emotional bonds based on "digital personas" [16].

In this broader trend, idols are no longer merely performers on a physical stage but are increasingly developed as content-based intellectual properties (IPs), offering K-pop a more flexible and lower-risk narrative model for future growth [17].

2.2. K-pop's value communication and cultural soft power

K-pop originally gained global influence by integrating both Eastern and Western cultural elements. However, with the global cultural landscape entering a "post-globalization" phase, the traditional model of one-way cultural export is being challenged. Unlike the earlier Korea-centered dissemination model, today's cultural consumption environment emphasizes local identity, diverse perspectives, and emotional resonance [18].

New-generation consumers—especially Gen Z—have grown up in an era of frequent social movements and diverse value systems. They tend to support cultural content with clear positions and identity representation. For K-pop to sustain its global relevance, it must go beyond exporting "Korean Wave" aesthetics and respond to globally shared issues. K-pop is no longer just a musical genre or fashion trend; it is becoming a bridge for cross-cultural communication and value exchange [19].

In recent years, K-pop has begun taking on the role of value transmission and public discourse engagement. For instance, BTS has spoken at the United Nations to advocate for mental health, self-identity, and youth empowerment, and partnered with UNICEF through the "Love Myself" campaign to promote anti-violence and self-love. BLACKPINK joined the "Dear Earth" initiative, addressing climate change and expanding their influence into environmental activism. Such actions enhance the social responsibility image of K-pop groups while creating deeper emotional connections with global youth.

More broadly, K-pop's creative practice increasingly addresses contemporary social issues and emotional resonance. A notable example is NewJeans' MV Ditto, which, through retro-style cinematography, evokes teenage experiences of friendship, loneliness, and virtual connections. The video prompts viewers to reflect on themes such as "reality vs. Illusion" and "group belonging vs. individual alienation," serving as a symbolic portrayal of Gen Z's social anxiety and identity struggle in the digital era [14]. Fans initiated the hashtag "DittoYouth" across social media platforms to share emotional memories, demonstrating K-pop's powerful ability to trigger "emotional collective memory" [20].

K-pop is no longer just a commercial product of pop culture—it is evolving into a soft power platform that carries cross-cultural empathy and social agency. By embedding social discourse into musical storytelling and mobilizing fan communities through digital platforms, K-pop is shaping an "emotional community" and "value consensus circle" that transcends language and borders, enhancing the depth and sustainability of its global influence [18].

2.3. Derivative merchandise and identity-based consumption

K-pop has historically leveraged the emotional bond between idols and fans through physical merchandise such as limited-edition photocards, fansign incentives, and exclusive fan goods, significantly boosting album sales [21]. Under emerging consumer trends that emphasize identity, emotional connection, and personalization, K-pop's merchandise strategies are increasingly moving away from homogeneity toward IP-based symbolic systems with strong visual and emotional resonance [22].

Idol-designed products have become a key strategy for engaging fans. SM's groups such as RIIZE, NCT DREAM, and NCT WISH have released plush toys personally designed by members, turning each idol's personality and preferences into unique, emotionally resonant items. NCT WISH went further by introducing an official mascot, "Wichu," which gained popularity not only in K-pop fandoms but also in peripheral communities such as journaling and indie design, achieving cross-domain viral spread [23]. Due to their unique art design with a dreamy concept, the visual concept and atmosphere of the NCT WISH boy group inspired a popular trend called "wishcore", which is loved by many young people.

The girl group NewJeans also adopted a signature bunny character as its visual symbol. This motif appears in merchandise, stage design, MVs, and fan-generated content, creating a highly recognizable brand identity. The success of such symbolic systems lies not only in their design but in the participatory process where idols and fans co-create meaning [14]. This transforms products into mediums for identity expression and narrative involvement.

Moreover, entertainment companies increasingly incorporate fan interaction in merchandise development—through voting systems, crowdfunding, and collaborative design projects—allowing fans to become co-creators rather than mere consumers. This strategy not only improves product-market fit but also extends the brand lifecycle of idols. K-pop, therefore, is shifting from "stage production" to the processing and application of concepts, forming a new consumer logic based on emotional experience and cultural identity [21].

3. Conclusion

This paper examined the marketing strategies and developmental trajectory of K-pop under new consumer trends, focusing on three key areas: idol production, cultural value communication, and merchandise innovation. The analysis demonstrates that in response to the individualized, digitalized, and value-driven tendencies of Generation Z and Alpha, K-pop has actively adopted new approaches such as personalized content, virtual interaction, and issue-oriented storytelling.

At present, the K-pop industry is undergoing a critical period of structural transformation. On one hand, it faces significant challenges: the traditional marketing model that once relied heavily on stage performance and musical appeal is no longer sufficient to meet the new generation's growing demand for participation, co-creation, and value alignment. Issues such as content homogenization, aesthetic fatigue, and declining fan loyalty are becoming increasingly apparent. On the other hand, the industry is also exploring innovative responses. As discussed in this paper, emerging practices—such as AI-driven virtual idols, growth-based persona strategies, social issue integration, and co-created merchandise—showcase the industry's adaptability and have helped K-pop maintain its global vitality.

However, these innovations also come with potential risks if not carefully managed, including weakened emotional authenticity, over-commercialization, and the overuse of fan participation mechanisms. While virtual idols and AI-driven models enhance flexibility and digital engagement, they may lack the emotional depth and human connection that fans value. Superficial engagement with social issues can also lead to criticism or fatigue if not rooted in meaningful storytelling.

Moreover, participatory marketing strategies, though effective in building loyalty, may exploit fan labor and emotional investment. To ensure sustainable development, K-pop must balance technological innovation with human-centered narrative, cultural sincerity, and ethical co-creation. Only by addressing these challenges can the industry maintain its global momentum and evolve from a commercial trend into a resilient and socially responsible cultural force.

In conclusion, this paper argues that the future of K-pop must be guided by three core principles: emotional sustainability, narrative authenticity, and ethical co-creation. Only by preserving cultural creativity while building emotional trust and cooperative ethics can K-pop evolve from a commercial pop phenomenon into a lasting force in the global cultural ecosystem.

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